

**SIOUX COUNTY, IOWA
Independent Auditors' Report
Financial Statements
And
Supplemental Information
Schedule of Findings and Questioned Costs
June 30, 2007**

SIoux COUNTY, IOWA

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SIOUX COUNTY, IOWA

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SIOUX COUNTY, IOWA

County Officials

Name	Title	Term Expires
Mark Sybesma	Board of Supervisors	January, 2009
Vern Beernink	Board of Supervisors	January, 2009
Dennis Wright	Board of Supervisors	January, 2011
Arlyn Kleinwolterink	Board of Supervisors	January, 2011
John Degen	Board of Supervisors	January, 2009
Lois Huitink	County Auditor	January, 2009
Randy Feenstra	County Treasurer	January, 2011
Anita Van Bruggen	County Recorder	January, 2011
Dan Altena	County Sheriff	January, 2009
Coleman McAllister	County Attorney	January, 2011
Ross Simmelink	County Assessor	January, 2009



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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Sioux County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of SIOUX COUNTY, IOWA (the County) as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Sioux County, Iowa as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not required parts of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2008 on our consideration of Sioux County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sioux County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 11, 2008

SIoux COUNTY, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SIoux COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDED JUNE 30, 2007. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

2007 FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of FY07 by \$48,426,445 (net assets). Of this amount, \$12,329,259 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- Sioux County's total net assets increased by \$3,515,976 from FY06.
- As of the close of FY07, Sioux County governmental funds reported combined ending fund balances of \$16,143,724, an increase of \$3,908,051 in comparison with the prior year. Approximately 64% of this total amount, \$10,402,022, is available for spending at the County's discretion (unreserved fund balance).
- At the end of FY07, unreserved fund balance for the general fund was \$3,172,046, or 45% of total general fund expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a statement of net assets and a statement of activities. These provide information about the activities of Sioux County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Sioux County's operations in more detail than the government-wide statements by providing

information about the most significant funds. The remaining statements provide financial information about activities for which Sioux County acts solely as an agent or custodian for the benefit of those outside of the government.

Notes to the Financial Statements provide more detailed data and explain some of the information in the financial statements.

Supplemental Information provides detailed information about the non-major special revenue and the individual fiduciary funds.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **statement of net assets** presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The **fund financial statements** provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The county has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a few.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

- 3) A proprietary fund accounts for the County's partial funding of health insurance deductibles, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The proprietary fund required financial statements include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Sioux County's net assets for FY07 totaled \$48,426,445. This compares to FY06 at \$44,910,469. The analysis that follows focuses on the components of net assets for the governmental activities.

Net Assets of Governmental Activities

	2007	2006
Current and other assets	\$ 24,391,193	\$ 20,286,677
Capital assets	41,051,326	38,074,971
Total Assets	65,442,519	58,361,648

Long-term liabilities outstanding	8,466,259	4,970,000
Other liabilities	8,549,815	8,481,179
Total liabilities	17,016,074	13,451,179
Net assets:		
Invested in capital assets, net of related debt	36,097,186	32,864,971
Restricted	-	179,608
Unrestricted	12,329,259	11,865,890
Total net assets	<u>\$ 48,426,445</u>	<u>\$ 44,910,469</u>

An insignificant portion of the County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12,329,259) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the year, the County is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The County's net assets increased \$3,515,976 during the current year. This increase is attributable to the efficient operations of the activities of the County.

Governmental Activities – Governmental activities increased the County's net assets by \$3,515,976. Key elements of this increase are as follows:

Changes in Net Assets of Governmental Activities		
	2007	2006
Revenues:		
Program revenues:		
Charges for service and sales	\$ 1,852,536	\$ 1,560,943
Operating grants and contributions	6,511,981	5,883,354
Capital grants and contributions	2,898,768	3,760,948
General revenues:		
State Tax Credits	404,936	407,262
Local Option Sales Tax	1,157,239	1,084,692
Property tax	6,899,477	6,562,870
Interest and penalties on taxes	36,091	37,104
Use of money and property	693,887	470,655
Other general revenues	44,264	225,774
Total revenues	<u>20,522,308</u>	<u>19,993,602</u>
Program expenses:		
Public safety and legal services	3,326,271	3,234,657
Physical health and social services	1,620,743	1,044,483
Mental health	2,494,877	2,260,298
County environment and education	713,141	743,239
Roads and transportation	6,268,723	6,003,265
Government services to residents	777,275	765,938

Administration or general government	1,481,643	1,465,145
Non-Program Services	35,700	29,257
Interest on long-term debt	287,959	248,743
Total expenses	17,006,332	15,795,025
Increase in net assets	3,515,976	4,198,577
Net assets July 1	44,910,469	40,711,892
Net assets June 30	\$ 48,426,445	\$ 44,910,469

The following information was taken from the levy rates certified by the Iowa State Department of Revenue and Finance:

Sioux County increased property tax rates by .17105 per thousand dollars of taxable valuation in FY07.

The Debt Service levy for the Public Safety Center was .23671 for FY07 as compared to .200000 for FY06.

INDIVIDUAL MAJOR FUND ANALYSIS

As Sioux County completed the year, its governmental funds reported a combined fund balance of \$16,143,724.

The General Fund, as the operating fund of Sioux County, ended FY07 with a balance of \$3,273,537. The General Fund ending fund balance in FY06 was \$2,179,100. This represents an increase of \$1,094,437. The increase is partially attributable to an increase in property tax valuations as well as a significant increase in interest income for FY07.

The MH/DD Fund ended FY07 with a balance of \$277,521. The ending fund balance for FY06 was \$509,018. This represents a decrease of \$231,497. The MH/DD Fund is entirely determined by state mandated formulas. Even though the balance has dropped from last year, the balance is adequate to begin FY08. If state mandates continue to determine the amount of money that can be levied in this fund, cuts to types of services currently funded may be required.

The Rural Services Fund ended FY07 with a balance of \$1,582,866. The ending fund balance for FY06 was \$1,160,311. This represents an increase of \$422,555. This increase is partially attributable to an increase in taxable valuations for FY07.

The Secondary Road Fund ended FY07 with a balance of \$5,310,309. The ending fund balance for FY06 was \$6,222,288. This represents a decrease of \$911,979. This decrease is attributable to aggressive capital project activity in FY07.

The Debt Service Fund ended FY07 with a balance of \$3,629,213. The ending fund balance for FY06 was \$219,402. This represents an increase of \$3,409,811. This increase is partially attributable to an increase in the property tax levy as well as taxable valuations. The significant balance in the debt service is primarily the result of the issuance of crossover refunding bonds issued in FY07 resulting in a restricted investment (escrow account) on the balance sheet. The restricted investment will be recorded in the debt service fund until the crossover date which is when the refunded bonds will be paid.

General Fund Budgetary Highlights

During FY2007 the County had no budget amendments. There were no significant variations between the final budget amounts and the actual results for the general fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY07, Sioux County had \$41,051,326 invested in capital assets.

Capital Assets of Governmental Activities at Year End		
	2007	2006
Land	\$ 1,044,542	\$ 1,044,542
Buildings and improvements	9,645,086	9,645,086
Equipment	11,250,461	11,159,707
Infrastructure	44,803,364	40,334,292
Construction in Progress	144,066	116,028
Totals	\$ 66,875,519	\$ 62,299,655

The County had depreciation expense of \$2,707,383 for the year ended June 30, 2007 and total accumulated depreciation at June 30, 2007 of \$25,836,193. Additional information on the County's capital assets can be found in Note 6 of the financial statements.

Debt

Sioux County is assigned an **A1** rating from Moody's Rating Committee for its General Obligation Bonds.

At the end of FY07 Sioux County had bonded indebtedness of \$8,595,000. The bonded indebtedness at the end of FY06 was \$5,210,000. General obligation debt relates to the issuance of 2002 general obligation bonds for the Public Safety Center construction which continues to decrease as scheduled principal payments are made. In addition, the County issued \$3,625,000 of General Obligation Refunding Capital Loan Notes in a crossover advance refunding of the 2002 General Obligation Bonds. The 2002 GO Bonds will be refunded on May 1, 2012 which is the crossover date. Additional information on the County's long term debt can be found in Note 7 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Sioux County's elected and appointed officials and citizens considered many factors when setting the FY08 budget, tax rates, and fees that finance the various County services. Tax rates remained essentially unchanged for FY08.

The General Fund ended FY07 with \$1,094,437 more than the FY06 ending balance. (The County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis.)

Many factors were taken into account when adopting the budget for fiscal year 2008. Amounts appropriated in the General Fund are approximately \$8,157,008. Amounts appropriated in Special Revenue Funds are approximately \$13,200,908. Debt Service appropriations will be \$478,467.

If these estimates are realized, Sioux County's General Fund balance is expected to remain about the same as at FY07 year-end. The Rural Fund balance is expected to rise slightly from the previous year.

A public hearing was held March 2005 authorizing the issuance of \$5,000,000 in General Obligation Bonds for a road construction project west of Sioux Center. These bonds will likely be issued in 2008.

CONTACTING THE COUNTY'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Sioux County finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Lois Huitink
Sioux County Auditor
210 Central Avenue SW
Orange City, Iowa 51041
(712) 737-2216**

SIoux COUNTY BOARD OF SUPERVISORS:

Mark Sybesma Vern Beernink Dennis Wright Arlyn Kleinwolterink John Degen

SIOUX COUNTY, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities
ASSETS	
Cash and Pooled Investments	\$ 10,448,492
Receivables:	
Property Tax	12,722
Future Property Tax	7,362,062
Accrued Interest	111,397
Accounts	25,429
Notes	590,741
Due from Other Governmental Agencies	667,118
Bond Issue Costs	46,169
Inventories	1,351,177
Prepaid Expenses	170,571
Restricted Assets:	
Cash and Cash Equivalents	211
Investments	3,605,104
Land	1,044,542
Construction in Progress	144,066
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	39,862,718
Total Assets	<u>65,442,519</u>
LIABILITIES	
Accounts Payable	499,276
Deferred Revenue - Future Property Tax	7,362,062
Unearned Revenue	17,176
Accrued Interest Payable	84,976
Salaries and Benefits Payable	154,437
Long Term Liabilities	
Due within one year:	
General Obligation Bonds	250,000
Compensated Absences	181,888
Due in more than one year:	
General Obligation Bonds	8,345,000
Compensated Absences	121,259
Total Liabilities	<u>17,016,074</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	36,097,186
Unrestricted	12,329,259
Total Net Assets	<u>\$ 48,426,445</u>

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Charges for Services</u>
Primary Government:			
Governmental Activities:			
Public safety and legal services	\$ 3,326,271	\$ 904,219	
Physical health and social services	1,620,743	38,561	
Mental health	2,494,877	43,995	
County environment and education	713,141	69,840	
Roads and transportation	6,268,723	159,829	
Government services to Residents	777,275	544,668	
Administration	1,481,643	33,163	
Non-program services	35,700	58,261	
Interest on long-term debt	287,959		
Total governmental activities	<u>\$ 17,006,332</u>		<u>\$ 1,852,536</u>

See Accompanying Notes to Financial Statements

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 56,100	\$ 12,670	\$ (2,353,282)
1,409,355		(172,827)
1,194,058		(1,256,824)
31,422		(611,879)
3,821,046	2,886,098	598,250
		(232,607)
		(1,448,480)
		22,561
		(287,959)
<u>\$ 6,511,981</u>	<u>\$ 2,898,768</u>	<u>(5,743,047)</u>

General Revenues:

Property taxes levied for:	
General purposes	6,640,917
Debt service	258,560
Interest and penalties on taxes	36,091
State tax credits	404,936
Local option sales tax	1,157,239
Unrestricted intergovernmental revenues	2,427
Unrestricted investment earnings	693,887
Gain on Sale of Assets	23,129
Miscellaneous	41,837
Total general revenues	<u>9,259,023</u>
Change in net assets	3,515,976
Net assets - beginning	44,910,469
Net assets - ending	<u>\$ 48,426,445</u>

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2007

	General	Mental Health	Rural Services
Assets			
Cash and Pooled Investments	\$ 3,124,680	\$ 590,730	\$ 1,398,940
Receivables:			
Property Tax	11,961	383	238
Future Property Tax	4,162,477	1,027,388	1,554,902
Accrued Interest	101,136		
Accounts	304	7,500	
Notes			
Due from Other Funds	5,084		
Due from Other Governmental Agencies	131,217	2,845	192,562
Inventories			
Restricted Assets:			
Cash and Cash Equivalents			
Investments			
Prepaid Insurance	101,491		
Total Assets	<u>7,638,350</u>	<u>1,628,846</u>	<u>3,146,642</u>
Liabilities and Equity			
Liabilities:			
Accounts Payable	105,068	300,105	308
Due to Other Funds		5,084	
Deferred Revenue - Future Property Tax	4,162,477	1,027,388	1,554,902
Unearned Revenue	11,961	17,559	238
Salaries and Benefits Payable	85,307	1,189	8,328
Total Liabilities	<u>4,364,813</u>	<u>1,351,325</u>	<u>1,563,776</u>
Fund Balances:			
Reserved for Debt Service			
Reserved for Inventories			
Reserved for Prepaid Expenses	101,491		
Reserved for Long-term notes			
Unreserved for:			
General Fund	3,172,046	277,521	
Special Revenue Fund			1,582,866
Total Fund Balances	<u>3,273,537</u>	<u>277,521</u>	<u>1,582,866</u>
Total Liabilities and Equity	<u>\$ 7,638,350</u>	<u>\$ 1,628,846</u>	<u>\$ 3,146,642</u>

See Accompanying Notes to Financial Statements

Secondary Roads	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 3,713,618	\$ 23,898	\$ 1,469,276	\$ 10,321,142
	140		12,722
	478,467	138,828	7,362,062
		10,261	111,397
17,611			25,415
		590,741	590,741
			5,084
305,138			631,762
1,351,177			1,351,177
	211		211
	3,605,104		3,605,104
69,080			170,571
5,456,624	4,107,820	2,209,106	24,187,388
86,702			492,183
			5,084
	478,467	138,828	7,362,062
	140		29,898
59,613			154,437
146,315	478,607	138,828	8,043,664
	3,629,213		3,629,213
1,351,177			1,351,177
69,080			170,571
		590,741	590,741
			3,449,567
3,890,052		1,479,537	6,952,455
5,310,309	3,629,213	2,070,278	16,143,724
\$ 5,456,624	\$ 4,107,820	\$ 2,209,106	\$ 24,187,388

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balance - Governmental Funds (page 17)		\$ 16,143,724
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		41,051,326
The internal service fund used by management to charge the costs of self-insured health is included in the statement of net assets.		155,627
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.		12,722
Accrued expenses from the balance sheet that require current financial resources for governmental activities.		(84,976)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		46,169
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
	General Obligation Bonds	\$ (8,595,000)
	Compensated Absences	<u>(303,147)</u>
		<u>(8,898,147)</u>
Total Net Assets - Governmental Activities (page 13)		<u><u>\$ 48,426,445</u></u>

SIOUX COUNTY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2007

	General	Mental Health
Revenue:		
Property and other county taxes	\$ 4,145,714	\$ 971,920
Interest and penalties on taxes	36,091	
Intergovernmental	2,521,670	1,250,832
Licenses and permits		
Charges for services	622,965	43,995
Use of money and property	595,445	
Miscellaneous	166,587	
Total Revenue	<u>8,088,472</u>	<u>2,266,747</u>
Expenditures:		
Current operating:		
Public safety and legal services	2,637,659	
Physical health and social services	1,626,213	
Mental Health		2,498,244
County environment and education	446,866	
Roads and transportation	55,000	
Government services to residents	662,070	
Administration	1,535,609	
Non-program services	30,618	
Capital projects		
Debt service:		
Principal		
Interest		
Total Expenditures	<u>6,994,035</u>	<u>2,498,244</u>
Excess (deficiency) of revenues over expenditures	<u>1,094,437</u>	<u>(231,497)</u>
Other financing sources (uses):		
Transfers in		
Transfers (out)		
Issuance of Bonds		
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,094,437	(231,497)
Fund balances - beginning of year	2,179,100	509,018
Decrease in Reserve for Inventory		
Fund balances - end of year	<u>\$ 3,273,537</u>	<u>\$ 277,521</u>

See Accompanying Notes to Financial Statements

Rural Services	Secondary Roads	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 2,607,167		\$ 258,560	\$ 74,227	\$ 8,057,588
				36,091
103,072	\$ 3,821,046	13,752	20,591	7,730,963
	6,765			6,765
34,002			41,834	742,796
12,954	7,075	22,304	97,759	735,537
	158,124		4,317	329,028
2,757,195	3,993,010	294,616	238,728	17,638,768
581,149			235	3,219,043
				1,626,213
				2,498,244
244,198				691,064
	4,173,892			4,228,892
1,875			14,995	678,940
				1,535,609
				30,618
	2,025,586		15,000	2,040,586
		240,000		240,000
		269,805		269,805
827,222	6,199,478	509,805	30,230	17,059,014
1,929,973	(2,206,468)	(215,189)	208,498	579,754
	1,591,192			1,591,192
(1,507,418)			(83,774)	(1,591,192)
		3,625,000		3,625,000
(1,507,418)	1,591,192	3,625,000	(83,774)	3,625,000
422,555	(615,276)	3,409,811	124,724	4,204,754
1,160,311	6,222,288	219,402	1,945,554	12,235,673
	(296,703)			(296,703)
\$ 1,582,866	\$ 5,310,309	\$ 3,629,213	\$ 2,070,278	\$ 16,143,724

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 20)	\$ 4,204,754
--	--------------

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 5,769,388	
Depreciation expense	<u>(2,707,383)</u>	3,062,005

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.	(85,650)
---	----------

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, they are as follows:

Property tax	(872)
--------------	-------

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities:	27,028
--	--------

Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets. The net revenue of the internal service fund is reported with governmental activities.	55,728
---	--------

Accrued interest expense that does not require current financial resources.	(45,182)
---	----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The amount by which proceeds exceeded payments in the current year is as follows:

Repayments of long-term debt	240,000	
Proceeds from issuance of long-term debt	<u>(3,625,000)</u>	(3,385,000)

Compensated Absences that do not require current financial resources.	(20,132)
---	----------

Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.	<u>(296,703)</u>
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Change in net assets of governmental activities (page 15)	<u><u>\$ 3,515,976</u></u>
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SIOUX COUNTY, IOWA
STATEMENT OF NET ASSETS
Governmental Activities - Internal Service Fund
JUNE 30, 2007

ASSETS

Current Assets

Cash and Pooled Investments	\$ 127,350
Receivables:	
Accounts Receivable	14
Due from Other Governments	35,356
Total Assets	<u>162,720</u>

LIABILITIES

Current Liabilities

Accounts Payable	<u>7,093</u>
Total Liabilities	<u>7,093</u>

NET ASSETS

Unrestricted	<u>\$ 155,627</u>
--------------	-------------------

SIOUX COUNTY, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Governmental Activities - Internal Service Fund
For the Year Ended June 30, 2007

Operating revenues:	
Reimbursements from operating funds	\$ 106,112
Reimbursement from employees	1,211
Total operating revenue	<u>107,323</u>
Operating expenses:	
Claims paid	39,564
Administrative fees	17,966
Total operating expenses	<u>57,530</u>
Operating Income	49,793
Nonoperating income:	
Interest on investments	<u>5,935</u>
Net Income	<u>55,728</u>
Change in Net Assets	55,728
Net assets - beginning	<u>99,899</u>
Net assets - ending	<u><u>\$ 155,627</u></u>

SIOUX COUNTY, IOWA
STATEMENT OF CASH FLOWS
Governmental Activities - Internal Service Fund
For the Year Ended June 30, 2007

Cash flows from operating activities:

Cash received from employer/employee contributions	\$ 71,953
Cash payments for insurance premiums and services	(61,343)
Net cash provided by operating activities	<u>10,610</u>

Cash flows from investing activities:

Interest on investments	<u>5,935</u>
-------------------------	--------------

Net increase in cash and cash equivalents 16,545

Cash and pooled investments - beginning of year 110,805

Cash and pooled investments - end of year \$ 127,350

Reconciliation of operating income to net cash used in
operating activities:

Operating income	\$ 49,793
Change in assets and liabilities:	
(Increase) in Accounts Receivable	(14)
(Increase) in Due from Other Governments	(35,356)
(Decrease) in accounts payable	<u>(3,813)</u>

Net cash provided by operating activities \$ 10,610

SIOUX COUNTY, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Agency Funds
JUNE 30, 2007

ASSETS

Cash and Pooled Investments	\$	1,497,129
Receivables:		
Property Tax		17,310
Future Property Tax		27,623,166
Accounts		25,275
Assessments		83,872
Due from Other Governments		17,312
Total Assets		<u>29,264,064</u>

LIABILITIES

Accounts Payable		5,048
Due to Other Governments		29,218,661
Salaries and Benefits Payable		10,828
Compensated Absences		29,527
Total Liabilities	\$	<u>29,264,064</u>

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sioux County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

The more significant accounting policies established in GAAP and used by the County are discussed below.

- A. Reporting Entity – For financial reporting purposes, Sioux County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sioux County Assessor's Conference Board, Sioux County Emergency Management Commission, Sioux County Public Safety Commission, the Sioux County Civil Service Commission, and Sioux County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County. The County Board of Supervisors also are members of the Sioux County Revolving Loan Fund. This fund is reported as a special revenue fund in these financial statements. Sioux County is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency.

- B. Basic Financial Statements – Government-Wide Statements – The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements contain only governmental activities. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County's internal service fund is classified as a primarily governmental type activity.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County. In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The County does not allocate indirect costs. Certain expenses of the County are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

- C. Basis of Presentation – Fund Accounting – The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The County electively added funds, as major funds, which had a specific county focus. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

- 1) General Fund - The general fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

- 3) Debt Service Fund – The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector. The County reports the following proprietary fund:

Internal Service Fund – Accounts for the County's partial self-funded insurance plan for health insurance.

The County's internal service fund is presented as a proprietary fund financial statement. The users of the internal services are the County's governmental activities therefore the financial statement of net assets is consolidated into the government-wide statement of net assets. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the County, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

- D. Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the physical health and social services, government services to residents, and the debt service functions.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

Type	Method
Certificates of Deposit	Cost
Federal Home Loan Mortgage Securities	Based upon quoted market prices
U.S. Treasury Notes	"
Iowa Public Agency Investment Trust	Fair value determined by current share prices

- G. Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

being due to other governments.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

- H. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- I. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.
- J. Due to/from Other Governments – Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- K. Inventories – Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Reported inventories in the fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.
- L. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.
- M. Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- N. Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end as well as unspent grant proceeds.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

- O. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for buildings and structures and machinery and equipment and in excess of \$25,000 for infrastructure. Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 – 50 Years
Infrastructure	10 – 65 Years
Machinery and Equipment	3 – 20 Years

NOTE 2 - DEPOSITS AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2007 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trust; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2007 the County had the following investments:

<u>Type</u>	<u>Maturity</u>	<u>Credit Risk</u>	<u>Fair Value</u>
Federal Home Loan Bank	11/7/2008	AAA	\$ 500,000
Federal Home Loan Bank	12/30/2008	AAA	250,000
U.S. Treasury Notes	Various	Not Applicable	3,605,104

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,762,656 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 2 - DEPOSITS AND POOLED INVESTMENTS – (CONTINUED)

Interest Rate Risk: The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the County.

Credit Risk: The County's investments in the Federal Home Loan Bank at June 30, 2007 were rated AAA by Moody's Investors service. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of Credit Risk: The County's investment policy places limits on the amount that may be invested in any one issuer. At the time of purchase, no more than five (5) percent of the investment portfolio of Sioux County shall be invested in the securities of a single issuer. The County's investment in the Federal Home Loan Bank and U.S. Treasuries is not subject to concentration of credit risk as the Federal Home Loan Bank and U.S. Treasuries represent U.S. government issued debt.

Cash and Pooled Investments

The County pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually. The cash and pooled investments at June 30, 2007 consisted of the following:

Reconciliation to the Financial Statements:

	<u>Carrying Amount</u>
Investments	\$ 7,117,760
Demand Deposits	2,582,176
Time Deposits	5,850,000
Cash on Hand	1,000
	<u>\$ 15,550,936</u>
Unrestricted:	
Cash and Pooled Investments - Governmental Activities	\$ 10,448,492
Cash and Pooled Investments - Agency Funds	1,497,129
Restricted:	
Cash-Governmental Activities	211
Investments-Governmental Activities	3,605,104
	<u>\$ 15,550,936</u>

NOTE 3 - NOTES RECEIVABLE

Sioux County Revolving Loan Fund - During the year ended June 30, 1989 the Sioux County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in Sioux County. During the year ended June 30, 2007, the County made no contributions to the Sioux County Revolving Loan Fund. The County records the loan activity of this corporation in a Special Revenue Fund.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 3 - NOTES RECEIVABLE (CONTINUED)

The proceeds from the businesses remain in the Sioux County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$201,379 during the year ended June 30, 2007. The loans are secured by real estate mortgages and personal guarantees of the business owners.

Loans by the Sioux County Revolving Loan Fund are as follows:

Loaned to	Date of Loan	Original Loan Amount	Interest Rate	Term of Loan	Monthly Payment	Loan Balance June 30, 2006
Quality Machine Products, Inc.	March 16, 2001	\$ 9,417	6.30	5 yrs.	183	\$ 2,298
	November 1, 2001	9,167	6.30	5 yrs.	178	3,540
	February 28, 2002	5,216	6.30	4 yrs.	123	1,545
	August 23, 2002	29,167	6.30	4 yrs.	798	16,502
	March 31, 2005	5,833	6.30	5 yrs.	114	4,180
	October 6, 2006	65,000	5.064	4.5 yrs.	1,344	57,332
Total Component Solutions	August 2, 2002	100,000	3.30	5 yrs.	1,812	3,569
Revival Animal Health	January 28, 2003	100,000	3.80	7 yrs.	1,358	40,029
Midwest Enrg Flakes, Inc.	August 4, 2003	50,000	3.80	7 yrs.	679	24,268
VH Manufacturing	August 15, 2003	60,000	3.00	5 yrs.	1,078	14,815
Siouxland Fabricating	November 6, 2003	50,000	3.00	5 yrs.	898	14,935
	December 6, 2006	50,000	5.775	5 yrs.	961	45,623
Patrick Cudahy, Inc.	January 20, 2004	100,000	3.00	5 yrs.	1,797	33,302
TEC Industries, LLC	February 1, 2005	100,000	3.325	5 yrs.	1,811	55,394
Midwest Promanufacturing	April 29, 2005	50,000	3.85	5 yrs.	917	30,327
Deluxe Feeds, Inc.	July 1, 2006	65,000	4.2	6 yrs.	1,024	56,979
Harbor Group	November 16, 2006	100,000	5.904	5 yrs.	1,646	91,717
M - K Distributing	December 6, 2006	100,000	5.775	5 yrs.	1,927	94,386
		<u>\$ 1,048,800</u>				<u>\$ 590,741</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The detail of interfund receivables and payables at June 30, 2007 is as follows:

<u>Fund Due to</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Mental Health Fund	<u>\$ 5,084</u>

These balances were a result of a receipt recorded in the Mental Health Fund in error. The interfund receivable and payable was set up to correct the error.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 5 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

	<u>Secondary Roads</u>	<u>Total Transfer Out</u>
Rural Services	\$ 1,507,418	\$ 1,507,418
Nonmajor Governmental	83,774	83,774
Transfer In	<u>\$ 1,591,192</u>	<u>\$ 1,591,192</u>

Transfers were used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,044,542			\$ 1,044,542
Construction in Progress	116,028	\$ 144,066	\$ 116,028	144,066
Total capital assets not being depreciated	1,160,570	144,066	116,028	1,188,608
Capital assets being depreciated:				
Buildings	9,645,086			9,645,086
Equipment	11,159,707	525,278	434,524	11,250,461
Infrastructure	40,334,292	5,216,072	747,000	44,803,364
Total capital assets being depreciated	61,139,085	5,741,350	1,181,524	65,698,911
Less: Accumulated Depreciation for:				
Buildings	3,652,652	169,373		3,822,025
Equipment	6,080,206	630,528	364,474	6,346,260
Infrastructure	14,491,826	1,907,482	731,400	15,667,908
Total Accumulated Depreciation	24,224,684	2,707,383	1,095,874	25,836,193
Total capital assets being depreciated, net	36,914,401	3,033,967	85,650	39,862,718
Governmental activities capital assets, net	\$ 38,074,971	\$ 3,178,033	\$ 201,678	\$ 41,051,326

Depreciation expense was charged to the functions as follows:

Public Safety and Legal Services	\$ 177,275
Physical Health and Social Services	3,434
County Environment and Education	53,108
Roads and Transportation	2,321,909
Government Services to Residents	140,638
Administration	5,937
Non-Program	5,082
	<u>\$ 2,707,383</u>

Reconciliation of Invested in Capital Assets:

	Governmental Activities
Land	\$ 1,044,542
Construction in Progress	144,066
Capital Assets (net of accumulated depreciation)	39,862,718
Bond Issue Costs – General Obligation Bonds	15,860
Less: General Obligation Bonds	<u>(4,970,000)</u>
Invested in Capital Assets, Net of Related Debt	<u>\$ 36,097,186</u>

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	General Obligation Bonds	Compensated Absences	Total
Balance Beginning of Year	\$ 5,210,000	\$ 283,015	\$ 5,493,015
Increases	3,625,000	189,941	3,814,941
Decreases	240,000	169,809	409,809
Balance End of Year	<u>\$ 8,595,000</u>	<u>\$ 303,147</u>	<u>\$ 8,898,147</u>
Due Within One Year	<u>\$ 250,000</u>	<u>\$ 181,888</u>	<u>\$ 431,888</u>

In March 2002, the County issued \$6,000,000 General Obligation Bonds to acquire land and build, equip and furnish a Public Safety Center. These bonds have an average interest rate of 4.64% and mature May 1, 2022.

In March 2007, the County issued \$3,625,000 of General Obligation Refunding Capital Loan Notes in a crossover advance refunding of the 2002 General Obligation Bonds. The 2007 bonds have an average interest rate of 3.87% and the 2002 bonds being refunded have an average interest rate of 4.64%. The net proceeds from this issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of June 30, 2007 the amount in escrow was \$3,605,315. This amount will be used to refund the remaining \$3,570,000 of the 2002 bonds on May 1, 2012 when these notes become callable. The assets deposited with the escrow agent are shown as a restricted asset in the County's Debt Service Fund. As a result of this refunding the County will reduce its debt service payments over the next fifteen years by \$133,095, and obtain an economic gain of \$81,327.

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 250,000	\$ 392,402	\$ 642,402
2009	265,000	357,661	622,661
2010	280,000	345,736	625,736
2011	295,000	333,416	628,416
2012	3,880,000	321,174	4,201,174
2013-2017	1,900,000	558,725	2,458,725
2018-2021	1,725,000	162,188	1,887,188
	<u>\$ 8,595,000</u>	<u>\$ 2,471,302</u>	<u>\$ 11,066,302</u>

\$3,629,213 is available in the Debt Service Fund to service the General Obligation Bonds. The general obligation bonds are to be retired through property tax levies.

In March 2005, the County authorized the issuance of \$5,000,000 General Obligation Capital Loan Notes for the purpose of paying costs of aiding in the planning, undertaking and carrying out of the Urban Renewal District 1 Project Area project, including road improvements. As of June 30, 2007 and the issuance of the report the bonds have not yet been issued.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 8 - PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$285,611, \$274,699, and \$264,910, respectively, equal to the required contributions for each year.

NOTE 9 - RISK MANAGEMENT

Sioux County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2007 were \$268,633.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 9 - RISK MANAGEMENT (CONTINUED)

certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and boiler and machinery. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

NOTE 10 - CONTINGENCY

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2007, the County estimates that no material liabilities will result from such audits.

The County is a defendant in a number of lawsuits in its normal course of operations. The outcome of these lawsuits is not presently determinable and an estimate of possible losses cannot be made.

NOTE 11 - CONSTRUCTION COMMITMENT

The County has entered into several construction contracts totaling \$665,596 for bridge and culvert construction and roadway paving. As of June 30, 2007, \$122,772 had been incurred against the contracts. The balance of \$542,824 will be paid as work on the projects progress.

NOTE 12 - FUND BALANCE DESIGNATIONS

The Board had originally designated \$300,000 of the Rural Services Fund Balance, including all interest earned on the original designation to be used to assist cities in the purchase of new ambulances. The balance remaining of the designation at June 30, 2007 is \$255,795.

This designation is included in unreserved fund balances in the government-wide financial statements and in the applicable fund financial statements.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

NOTE 13 - CONDUIT DEBT OBLIGATIONS

The County has issued Senior Housing Revenue Bonds to provide financial assistance to a non-profit corporation for the acquisition, construction, and equipping of assisted and independent housing for seniors deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the non-profit corporation. Neither the County, the State, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The Senior Housing Revenue Bonds outstanding had an original issue amount of \$4,500,000. The outstanding balance at June 30, 2007 was \$3,680,000.

NOTE 14 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN

The Sioux County Partially Self-Funded (PSF) Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with TPA, Ltd. The agreement is subject to automatic renewal provisions. The County assumes liability for out-of-pocket maximums of \$1,300 for single individuals and \$2,600 for family coverage.

Monthly payments of service fees and plan contributions to the Sioux County PSF Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Sioux County PSF Health Insurance Fund. The County records the plan assets and related liabilities of the Sioux County PSF Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2007 was \$106,112.

Amounts payable from the PSF Health Insurance Fund at June 30, 2007 total \$7,093 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ 10,906	\$ 1,816
Incurred claims (including IBNR's)	35,751	83,614
Claim Payments	<u>(39,564)</u>	<u>(74,524)</u>
Unpaid claims, end of year	<u>\$ 7,093</u>	<u>\$ 10,906</u>

NOTE 15 - GUARANTEED DEBT

Sioux County is a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency. Sioux County has provided a Local Government Guarantee as specified in IAC 567-111.6(8) for the Agency. The current closure and/or postclosure cost estimates being assured through the Local Government Guarantee by Sioux County are as follows:

Closure cost to be assured:	\$ 14,528
Postclosure cost to be assured:	\$222,472

REQUIRED SUPPLEMENTARY INFORMATION

SIOUX COUNTY, IOWA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Amended	(Cash Basis)	Final Budget
				Positive
				(Negative)
Revenue:				
Property and other county taxes	\$ 7,784,158	\$ 7,784,158	\$ 8,038,116	\$ 253,958
Interest and penalties on taxes	10,000	10,000	36,402	26,402
Intergovernmental	7,258,880	7,258,880	8,525,063	1,266,183
Licenses and permits	3,500	3,500	6,670	3,170
Charges for services	649,685	649,685	738,229	88,544
Use of money and property	332,850	332,850	870,088	537,238
Miscellaneous	386,760	386,760	332,472	(54,288)
Total Revenue	16,425,833	16,425,833	18,547,040	2,121,207
Expenditures:				
Current operating:				
Public safety and legal services	3,256,295	3,256,295	3,134,037	122,258
Physical health and social services	1,611,148	1,611,148	1,678,325	(67,177)
Mental Health	2,558,289	2,558,289	2,480,243	78,046
County environment and education	699,926	699,926	679,360	20,566
Roads and transportation	4,998,400	4,998,400	4,220,948	777,452
Government services to residents	810,457	810,457	1,046,618	(236,161)
Administration	1,835,395	1,835,395	1,568,926	266,469
Non-program services	47,750	47,750	30,469	17,281
Debt service	479,016	479,016	510,054	(31,038)
Capital projects	3,186,275	3,186,275	2,041,544	1,144,731
Total Expenditures	19,482,951	19,482,951	17,390,524	2,092,427
Excess (Deficiency) of revenues over expenditures	(3,057,118)	(3,057,118)	1,156,516	4,213,634
Other financing sources (uses):				
Transfers in	1,584,257	1,584,257	1,591,192	6,935
Transfers out	(1,584,257)	(1,584,257)	(1,591,192)	(6,935)
Issuance of bonds			3,625,000	3,625,000
Proceeds of Fixed Asset Sales	700	700	-	(700)
Total other financing sources (uses)	700	700	3,625,000	3,624,300
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (3,056,418)</u>	<u>\$ (3,056,418)</u>	4,781,516	<u>\$ 7,837,934</u>
Balance beginning of year			9,144,941	
Balance end of year			<u>\$ 13,926,457</u>	

SIOUX COUNTY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. The County had no budget amendments during the year ended June 30, 2007.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During fiscal year 2007, disbursements exceeded the amounts budgeted in the physical health and social services, government services to residents, and the debt service functions.

SIOUX COUNTY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2007

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2006-07 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

	Governmental Funds		
		Total	
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,547,040	\$ (908,272)	\$ 17,638,768
Expenditures	17,390,524	(331,510)	17,059,014
Net	1,156,516	(576,762)	579,754
Other Financing Sources (Uses)	3,625,000	-	3,625,000
Beginning Fund Balance, as Restated	9,144,941	3,090,732	12,235,673
Increase in Reserve for Inventory	-	(296,703)	(296,703)
Ending Fund Balance	<u>\$ 13,926,457</u>	<u>\$ 2,217,267</u>	<u>\$ 16,143,724</u>

OTHER SUPPLEMENTARY INFORMATION

SIOUX COUNTY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2007

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
Assets				
Cash and Pooled Investments	\$ 32,887	\$ 132,386	\$ 932,418	\$ 1,001
Receivables:				
Future Property Tax				
Accrued Interest			10,261	
Notes			590,741	
Total Assets	32,887	132,386	1,533,420	1,001
Liabilities and Equity				
Liabilities:				
Deferred Revenue - Future Property Tax				
Total Liabilities	-	-	-	-
Fund Balances:				
Reserved for:				
Long-term notes			590,741	
Unreserved for:				
Special Revenue Fund	32,887	132,386	942,679	1,001
Total Fund Balances	32,887	132,386	1,533,420	1,001
Total Liabilities and Equity	\$ 32,887	\$ 132,386	\$ 1,533,420	\$ 1,001

Special Revenue Funds					
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Recorder Electronic Transaction Fee	Urban Renewal District #1	Total
\$ 2,824	\$ 66,358	\$ 299,864		\$ 1,538	\$ 1,469,276
				138,828	138,828
					10,261
					590,741
2,824	66,358	299,864	-	140,366	2,209,106
				138,828	138,828
-	-	-	-	138,828	138,828
					590,741
2,824	66,358	299,864		1,538	1,479,537
2,824	66,358	299,864	-	1,538	2,070,278
\$ 2,824	\$ 66,358	\$ 299,864	\$ -	\$ 140,366	\$ 2,209,106

SIOUX COUNTY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2007

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
Revenue:				
Property and other county taxes				
Intergovernmental				
Charges for services	\$ 6,870		\$ 116	
Use of money and property	1,770	\$ 5,304	\$ 72,152	\$ 49
Miscellaneous				
Total Revenue	8,640	5,304	72,268	49
Expenditures:				
Current operating:				
Public safety and legal services				
Government services to residents	10,000		4,992	
Capital projects				
Total Expenditures	10,000	-	4,992	-
Excess (Deficiency) of revenues over expenditures	(1,360)	5,304	67,276	49
Other financing sources (uses):				
Transfers (out)				
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	(1,360)	5,304	67,276	49
Fund balances - beginning of year	34,247	127,082	1,466,144	952
Fund balances - end of year	\$ 32,887	\$ 132,386	\$ 1,533,420	\$ 1,001

Special Revenue Funds					
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Recorder Electronic Transaction Fee	Urban Renewal District #1	Total
				\$ 74,227	\$ 74,227
	\$ 17,904			2,687	20,591
		34,848			41,834
\$ 72	2,786	13,401	\$ -	2,225	97,759
1,817		2,500			4,317
1,889	20,690	50,749	-	79,139	238,728
235					235
			3		14,995
		15,000			15,000
235	-	15,000	3	-	30,230
1,654	20,690	35,749	(3)	79,139	208,498
				(83,774)	(83,774)
-	-	-	-	(83,774)	(83,774)
1,654	20,690	35,749	(3)	(4,635)	124,724
1,170	45,668	264,115	3	6,173	1,945,554
\$ 2,824	\$ 66,358	\$ 299,864	\$ -	\$ 1,538	\$ 2,070,278

SIOUX COUNTY, IOWA
COMBINING STATEMENT OF NET ASSETS
Agency Funds
For the Year Ended June 30, 2007

	County Recorder	County Sheriff	Agricultural Extension	County Assessor
ASSETS				
Cash and Pooled Investments		\$ 59,112	\$ 1,856	\$ 211,309
Receivables:				
Property Tax			64	133
Future Property Tax			176,992	390,004
Accounts Assessments	\$ 417			
Due from Other Governments				
Total Assets	417	59,112	178,912	601,446
LIABILITIES				
Accounts Payable		1,709		259
Due to Other Governments	417	57,403	178,912	584,091
Salaries and Benefits Payable				
Compensated Absences				17,096
Total Liabilities	\$ 417	\$ 59,112	\$ 178,912	\$ 601,446

Schools	Area Schools	Corporations	Townships	City Special Assessments	Auto License and Use Tax
\$ 153,879	\$ 7,217	\$ 53,741	\$ 3,283	\$ 2,724	\$ 692,029
5,440	249	11,386	37		
14,756,985	729,575	11,298,830	267,200		
				83,872	
14,916,304	737,041	11,363,957	270,520	86,596	692,029
14,916,304	737,041	11,363,957	270,520	86,596	692,029
\$ 14,916,304	\$ 737,041	\$ 11,363,957	\$ 270,520	\$ 86,596	\$ 692,029

(continued)

SIOUX COUNTY, IOWA
COMBINING STATEMENT OF NET ASSETS - (Continued)
Agency Funds
For the Year Ended June 30, 2007

	Tax In Advance	Emergency Management Services	Brucellosis and Tuberculosis Eradication	Public Safety Agency
ASSETS				
Cash and Pooled Investments	\$ 58,978	\$ 10,674	\$ 252	\$ 86,429
Receivables:				
Property Tax			1	
Future Property Tax			3,580	
Accounts				
Assessments				
Due from Other Governments		4,242		
Total Assets	<u>58,978</u>	<u>14,916</u>	<u>3,833</u>	<u>86,429</u>
LIABILITIES				
Accounts Payable		1,749		252
Due to Other Governments	58,978	13,167	3,833	62,918
Salaries and Benefits Payable				10,828
Compensated Absences				12,431
Total Liabilities	<u>\$ 58,978</u>	<u>\$ 14,916</u>	<u>\$ 3,833</u>	<u>\$ 86,429</u>

Disposal Agency	E-911	Treasurer's Trust Fund	Recorder E-Commerce	Flexible Benefits	Total
\$ 29,734	\$ 88,609		\$ 1,320	\$ 35,983	\$ 1,497,129
					17,310
					27,623,166
	24,858				25,275
					83,872
	13,070				17,312
29,734	126,537		1,320	35,983	29,264,064
	1,079			627	5,675
29,734	125,458		1,320	35,356	29,218,034
					10,828
					29,527
\$ 29,734	\$ 126,537		\$ 1,320	\$ 35,983	\$ 29,264,064

SIOUX COUNTY, IOWA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2007

	Balance July 1, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
County Recorder				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 628,372	\$ 628,372	\$ -
Accounts Receivable	463	417	463	417
Total Assets	<u>463</u>	<u>628,789</u>	<u>628,835</u>	<u>417</u>
<u>Liabilities</u>				
Due to Other Governments	463	628,789	628,835	417
Total Liabilities	<u>463</u>	<u>628,789</u>	<u>628,835</u>	<u>417</u>
County Sheriff				
<u>Assets</u>				
Cash and Pooled Investments	380,833	1,484,603	1,806,324	59,112
Total Assets	<u>380,833</u>	<u>1,484,603</u>	<u>1,806,324</u>	<u>59,112</u>
<u>Liabilities</u>				
Accounts Payable	3,189	1,709	3,189	1,709
Due to Other Governments	377,644	1,482,894	1,803,135	57,403
Total Liabilities	<u>380,833</u>	<u>1,484,603</u>	<u>1,806,324</u>	<u>59,112</u>
Agricultural Extension Education				
<u>Assets</u>				
Cash and Pooled Investments	2,103	171,794	172,041	1,856
Property Tax Receivable	65	64	65	64
Future Property Tax	171,575	176,992	171,575	176,992
Total Assets	<u>173,743</u>	<u>348,850</u>	<u>343,681</u>	<u>178,912</u>
<u>Liabilities</u>				
Due to Other Governments	173,743	348,850	343,681	178,912
Total Liabilities	<u>173,743</u>	<u>348,850</u>	<u>343,681</u>	<u>178,912</u>
County Assessor				
<u>Assets</u>				
Cash and Pooled Investments	212,185	359,985	360,861	211,309
Property Tax Receivable	137	133	137	133
Future Property Tax	355,173	390,004	355,173	390,004
Total Asset	<u>567,495</u>	<u>750,122</u>	<u>716,171</u>	<u>601,446</u>
<u>Liabilities</u>				
Accounts Payable	353	259	353	259
Due to Other Governments	554,398	732,767	703,074	584,091
Compensated Absences	12,744	17,096	12,744	17,096
Total Liabilities	<u>\$ 567,495</u>	<u>\$ 750,122</u>	<u>\$ 716,171</u>	<u>\$ 601,446</u>

(Continued)

SIOUX COUNTY, IOWA
Combining Statement of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2007

	Balance July 1, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
Schools				
<u>Assets</u>				
Cash and Pooled Investments	\$ 171,381	\$ 14,318,167	\$ 14,335,669	\$ 153,879
Property Tax Receivable	5,348	5,440	5,348	5,440
Future Property Tax	14,284,242	14,756,985	14,284,242	14,756,985
Total Assets	<u>14,460,971</u>	<u>29,080,592</u>	<u>28,625,259</u>	<u>14,916,304</u>
<u>Liabilities</u>				
Due to Other Governments	<u>14,460,971</u>	<u>29,080,592</u>	<u>28,625,259</u>	<u>14,916,304</u>
Total Liabilities	<u>14,460,971</u>	<u>29,080,592</u>	<u>28,625,259</u>	<u>14,916,304</u>
Area Schools				
<u>Assets</u>				
Cash and Pooled Investments	7,182	723,269	723,234	7,217
Property Tax Receivable	222	249	222	249
Future Property Tax	721,672	729,575	721,672	729,575
Total Assets	<u>729,076</u>	<u>1,453,093</u>	<u>1,445,128</u>	<u>737,041</u>
<u>Liabilities</u>				
Due to Other Governments	<u>729,076</u>	<u>1,453,093</u>	<u>1,445,128</u>	<u>737,041</u>
Total Liabilities	<u>729,076</u>	<u>1,453,093</u>	<u>1,445,128</u>	<u>737,041</u>
Corporations				
<u>Assets</u>				
Cash and Pooled Investments	76,197	10,623,639	10,646,095	53,741
Property Tax Receivable	9,705	11,386	9,705	11,386
Future Property Tax	10,606,565	11,298,830	10,606,565	11,298,830
Total Assets	<u>10,692,467</u>	<u>21,933,855</u>	<u>21,262,365</u>	<u>11,363,957</u>
<u>Liabilities</u>				
Due to Other Governments	<u>10,692,467</u>	<u>21,933,855</u>	<u>21,262,365</u>	<u>11,363,957</u>
Total Liabilities	<u>10,692,467</u>	<u>21,933,855</u>	<u>21,262,365</u>	<u>11,363,957</u>
Townships				
<u>Assets</u>				
Cash and Pooled Investments	8,273	242,348	247,338	3,283
Property Tax Receivable	41	37	41	37
Future Property Tax	242,219	267,200	242,219	267,200
Total Assets	<u>250,533</u>	<u>509,585</u>	<u>489,598</u>	<u>270,520</u>
<u>Liabilities</u>				
Due to Other Governments	<u>250,533</u>	<u>509,585</u>	<u>489,598</u>	<u>270,520</u>
Total Liabilities	<u>\$ 250,533</u>	<u>\$ 509,585</u>	<u>\$ 489,598</u>	<u>\$ 270,520</u>

(continued)

SIOUX COUNTY, IOWA
Combining Statement of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2007

	Balance July 1, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
City Special Assessments				
<u>Assets</u>				
Cash and Pooled Investments	\$ 1,831	\$ 177,725	\$ 176,832	\$ 2,724
Assessments Receivable	118,706	83,872	118,706	83,872
Total Assets	<u>120,537</u>	<u>261,597</u>	<u>295,538</u>	<u>86,596</u>
<u>Liabilities</u>				
Due to Other Governments	120,537	261,597	295,538	86,596
Total Liabilities	<u>120,537</u>	<u>261,597</u>	<u>295,538</u>	<u>86,596</u>
Auto License and Use Tax				
<u>Assets</u>				
Cash and Pooled Investments	609,340	7,340,140	7,257,451	692,029
Total Assets	<u>609,340</u>	<u>7,340,140</u>	<u>7,257,451</u>	<u>692,029</u>
<u>Liabilities</u>				
Due to Other Governments	609,340	7,340,140	7,257,451	692,029
Total Liabilities	<u>609,340</u>	<u>7,340,140</u>	<u>7,257,451</u>	<u>692,029</u>
Tax In Advance				
<u>Assets</u>				
Cash and Pooled Investments	56,287	2,691	-	58,978
Total Assets	<u>56,287</u>	<u>2,691</u>	<u>-</u>	<u>58,978</u>
<u>Liabilities</u>				
Due to Other Governments	56,287	2,691	-	58,978
Total Liabilities	<u>56,287</u>	<u>2,691</u>	<u>-</u>	<u>58,978</u>
Emergency Management Services				
<u>Assets</u>				
Cash and Pooled Investments	17,264	129,189	135,779	10,674
Due from Other Governments	-	4,242	-	4,242
Total Assets	<u>17,264</u>	<u>133,431</u>	<u>135,779</u>	<u>14,916</u>
<u>Liabilities</u>				
Accounts Payable	747	1,749	747	1,749
Due to Other Governments	13,921	131,682	132,436	13,167
Compensated Absences	2,596	-	2,596	-
Total Liabilities	<u>\$ 17,264</u>	<u>\$ 133,431</u>	<u>\$ 135,779</u>	<u>\$ 14,916</u>

(continued)

SIOUX COUNTY, IOWA
Combining Statement of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2007

	Balance July 1, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
Brucellosis and Tuberculosis Eradication				
<u>Assets</u>				
Cash and Pooled Investments	\$ 149	\$ 4,036	\$ 3,933	\$ 252
Property Tax Receivable	2	1	2	1
Future Property Tax	4,026	3,580	4,026	3,580
Total Assets	<u>4,177</u>	<u>7,617</u>	<u>7,961</u>	<u>3,833</u>
<u>Liabilities</u>				
Due to Other Governments	<u>4,177</u>	<u>7,617</u>	<u>7,961</u>	<u>3,833</u>
Total Liabilities	<u>4,177</u>	<u>7,617</u>	<u>7,961</u>	<u>3,833</u>
Public Safety Agency				
<u>Assets</u>				
Cash and Pooled Investments	<u>88,231</u>	<u>308,720</u>	<u>310,522</u>	<u>86,429</u>
Total Assets	<u>88,231</u>	<u>308,720</u>	<u>310,522</u>	<u>86,429</u>
<u>Liabilities</u>				
Accounts Payable	520	252	520	252
Salaries and Benefits Payable	6,502	10,828	6,502	10,828
Due to Other Governments	65,678	285,209	287,969	62,918
Compensated Absences	15,531	12,431	15,531	12,431
Total Liabilities	<u>88,231</u>	<u>308,720</u>	<u>310,522</u>	<u>86,429</u>
Disposal Agency				
<u>Assets</u>				
Cash and Pooled Investments	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
Total Assets	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<u>Liabilities</u>				
Due to Other Governments	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
Total Liabilities	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
E-911				
<u>Assets</u>				
Cash and Pooled Investments	13,971	155,515	80,877	88,609
Accounts Receivable	20,682	24,858	20,682	24,858
Due from Other Governments	7,327	13,070	7,327	13,070
Total Assets	<u>41,980</u>	<u>193,443</u>	<u>108,886</u>	<u>126,537</u>
<u>Liabilities</u>				
Accounts Payable	530	1,079	530	1,079
Due to Other Governments	41,450	192,364	108,356	125,458
Total Liabilities	<u>\$ 41,980</u>	<u>\$ 193,443</u>	<u>\$ 108,886</u>	<u>\$ 126,537</u>

(Continued)

SIOUX COUNTY, IOWA
Combining Statement of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2007

	Balance July 1, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
Treasurer's Trust Fund				
<u>Assets</u>				
Cash and Pooled Investments	-	130,421	130,421	-
Total Assets	-	130,421	130,421	-
<u>Liabilities</u>				
Due to Other Governments	-	130,421	130,421	-
Total Liabilities	-	130,421	130,421	-
Recorder E-Commerce				
<u>Assets</u>				
Cash and Pooled Investments	1,411	6,867	6,958	1,320
Total Assets	1,411	6,867	6,958	1,320
<u>Liabilities</u>				
Due to Other Governments	1,411	6,867	6,958	1,320
Total Liabilities	1,411	6,867	6,958	1,320
Flexible Benefits				
<u>Assets</u>				
Cash and Pooled Investments	312	71,249	35,578	35,983
Total Assets	312	71,249	35,578	35,983
<u>Liabilities</u>				
Accounts Payable	312	35,893	35,578	627
Due to Other Governments	-	35,356	-	35,356
Total Liabilities	\$ 312	\$ 71,249	\$ 35,578	\$ 35,983

(Continued)

SIOUX COUNTY, IOWA
Combining Statement of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2007

	Balance July 1, 2006	Addi- tions	Deduc- tions	Balance June 30, 2007
Total All Agency Funds				
<u>Assets</u>				
Cash and Pooled Investments	\$ 1,676,684	\$ 36,878,730	\$ 37,058,285	\$ 1,497,129
Receivables:				
Property Tax	15,520	17,310	15,520	17,310
Future Property Tax	26,385,472	27,623,166	26,385,472	27,623,166
Accounts	21,145	25,275	21,145	25,275
Assessments	118,706	83,872	118,706	83,872
Due from Other Governments	7,327	17,312	7,327	17,312
	<u>28,224,854</u>	<u>64,645,665</u>	<u>63,606,455</u>	<u>29,264,064</u>
Total Assets	<u>28,224,854</u>	<u>64,645,665</u>	<u>63,606,455</u>	<u>29,264,064</u>
<u>Liabilities</u>				
Accounts Payable	5,651	40,941	40,917	5,675
Due to Other Governments	28,181,830	64,564,369	63,528,165	29,218,034
Salaries and Benefits Payable	6,502	10,828	6,502	10,828
Compensated Absences	30,871	29,527	30,871	29,527
	<u>\$ 28,224,854</u>	<u>\$ 64,645,665</u>	<u>\$ 63,606,455</u>	<u>\$ 29,264,064</u>
Total Liabilities	<u>\$ 28,224,854</u>	<u>\$ 64,645,665</u>	<u>\$ 63,606,455</u>	<u>\$ 29,264,064</u>

SIOUX COUNTY, IOWA

**Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds
For the Years Ended June 30, 2007, 2006, 2005, 2004**

	Modified Accrual Basis of Accounting			
	2007	2006	2005	2004
Revenue:				
Property and other county tax	\$ 8,057,588	\$ 7,644,707	\$ 6,143,980	\$ 6,196,074
Interest and penalty on property tax	36,091	37,104	33,112	40,775
Intergovernmental	7,730,963	7,901,142	7,713,338	8,172,221
Licenses and permits	6,765	6,055	5,175	4,275
Charges for services	742,796	699,440	777,224	717,906
Use of money and property	735,537	518,913	323,391	242,520
Miscellaneous	329,028	286,407	210,448	370,249
Total Revenue	<u>\$ 17,638,768</u>	<u>\$ 17,093,768</u>	<u>\$ 15,206,668</u>	<u>\$ 15,744,020</u>
Expenditures:				
Current operating:				
Public safety and legal services	\$ 3,219,043	\$ 3,126,912	\$ 3,147,273	\$ 2,906,463
Physical health and social services	1,626,213	1,042,077	990,082	986,694
Mental health	2,498,244	2,260,765	2,170,728	2,174,660
County environment and education	691,064	692,525	623,028	609,362
Roads and transportation	4,228,892	4,526,135	3,962,119	3,970,872
Government services to residents	678,940	879,206	842,863	541,941
Administration	1,535,609	1,580,779	1,525,308	1,414,469
Non-program services	30,618	24,175	19,498	19,223
Capital projects	2,040,586	1,495,322	1,756,346	3,529,355
Debt service	509,805	474,141	473,816	473,041
Total	<u>\$ 17,059,014</u>	<u>\$ 16,102,037</u>	<u>\$ 15,511,061</u>	<u>\$ 16,626,080</u>

SIOUX COUNTY, IOWA
Schedule of Findings
Year Ended June 30, 2007

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

SIGNIFICANT DEFICIENCIES:

II-A-07 Financial Reporting

Comment – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the County's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting

III-A-07 Certified Budget – Disbursements for the year ended June 30, 2007 exceeded the amounts budgeted in the physical health and social services, government services to residents, and debt service functions.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required in the future.

Conclusion – Response accepted.

III-B-07 Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

SIOUX COUNTY, IOWA
Schedule of Findings
Year Ended June 30, 2007

Part III: Other Findings Related to Required Statutory Reporting (Continued)

III-C-07 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

III-D-07 Business Transactions – Business Transactions between the County and County officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Micah Van Maanen, Employee	Computer Equipment and Supplies	\$ 17,127
Father is part-owner of VanMaanen's Radio Shack		

This transaction may represent a conflict of interest and the County should contact legal council for determination.

III-E-07 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

III-F-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

III-G-07 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

III-H-07 Resource Enhancement and Protection Certification – The County properly dedicated enough property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

III-I-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

SIOUX COUNTY, IOWA
Schedule of Prior Year Findings
Year Ended June 30, 2007

There were no prior year findings.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Sioux County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SIOUX COUNTY, IOWA as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated February 11, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether Sioux County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Sioux County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sioux County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sioux County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control

deficiencies, that adversely effects Sioux County, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Sioux County, Iowa's financial statements that is more than inconsequential will not be prevented or detected by Sioux County, Iowa's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-07 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Sioux County, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Sioux County, Iowa's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's response, we did not audit the Sioux County, Iowa's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the Board of Supervisors, employees and citizens of Sioux County and other parties to whom Sioux County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sioux County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 11, 2008